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No. 84-1151

In the Supreme Court of the United States

OCTOBER TERM, 1984

ESTATE OF VIRGINIA KREMM, PETITIONER

v.

COMMISSIONER OF PATENTS AND TRADEMARKS

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

MEMORANDUM FOR THE RESPONDENT IN OPPOSITION

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Petitioner claims that the Due Process Clause requires the Patent and Trademark Office (PTO) in patent reexamination proceedings (see 35 U.S.C. 301-307) to find by clear and convincing evidence that a patent is obvious before the PTO may declare the patent invalid.

1. a. Petitioner is the owner of U.S. Patent No. 3,171,729, which was issued in 1965 to Walter Andersen (the Andersen patent) and concerns an improved method of manufacturing "parisons," *i.e.*, partially shaped or molded glass bottles. Pet. App. 2a. In 1979, petitioner filed suit in the United States District Court for the Northern District of Illinois against Thatcher Glass Manufacturing Co., charging Thatcher Glass with infringement of the Andersen patent. Thatcher Glass thereafter filed a request with the PTO

pursuant to 35 U.S.C. 302 for a reexamination of the Andersen patent.[1] 35 U.S.C. 301-307 allows the PTO, either on request or on its own initiative (35 U.S.C. 303(a)), to reexamine an already-issued patent to determine whether the invention should have originally received a patent, if a "substantial new question" is raised as to the invention's patentability (*ibid.*). Thatcher Glass claimed that U.S. Patent No. 2,811,814 issued in 1957 for a similar manufacturing process (the Winder patent) rendered the manufacturing process underlying the Andersen patent "obvious" within the meaning of 35 U.S.C. 103 and therefore unpatentable (Pet. App. 4a). The PTO subsequently found that there was a "substantial new question" whether the Andersen patent was valid and granted Thatcher Glass's request for a reexamination of the Andersen patent (*id.* at 4a-5a). Following the PTO's actions, the district court stayed further proceedings in petitioner's infringement suit pending the outcome of the reexamination procedure and all ensuing appeals.

On reexamination, the PTO Examiner rejected all four claims made by petitioner as to the patentability of the Andersen patent (Pet. App. 5a, 15a). The PTO Board of Appeals affirmed the Examiner's decision (*id.* at 14a-21a).

b. The court of appeals affirmed the ruling of the PTO Board of Appeals (Pet. App. 1a-13a). The court found no merit to petitioner's contention that the Board had rejected all four claims of the patentability of the Andersen patent on the basis of a cursory review of only the first claim (*id.* at 5a-6a). The court of appeals ruled (*id.* at 6a) that the Board had separately considered each of petitioner's claims but had only discussed petitioner's first claim for illustrative purposes.

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[1] 35 U.S.C. 302 provides in part that "[a]ny person at any time may file a request for reexamination by the [PTO] of any claim of a patent on the basis of any prior art * * *."

The court of appeals also rejected (Pet. App. 6a-9a) petitioner's argument that any doubts as to the validity of the Andersen patent should be resolved in favor of upholding the patent. Petitioner claimed that the "rule of doubt" not only had been endorsed by the court but also was required by 35 U.S.C. 282, which provides that a patent is entitled to a presumption of validity. However, the court of appeals held that, whatever status the "rule of doubt" may once have had, the rule "is now defunct" (Pet. App. 7a, citing *In re Naber,* 503 F.2d 1059, 1059-1060 (C.C.P.A. 1974)) and was not required by 35 U.S.C. 282 (Pet. App. 6a-7a).

The court of appeals agreed (Pet. App. 7a-8a) that a patent is entitled to a statutory presumption of validity (see 35 U.S.C. 282) during reexamination proceedings and acknowledged that "reexamination should not be allowed to be used as a tool to circumvent the burden of proof placed on an alleged infringer during litigation" (Pet. App. 8a). But the court found "no danger in this case of that having happened" (*ibid.*) and also stated that, under its prior decisions (*id.* at 7a-8a & n.5), the presumption "may be more easily overcome" during the reexamination process because, during that process, the PTO considers prior art that previously was not brought to the PTO's attention (*id.* at 8a). Finally, the court upheld the Board of Appeals' finding that, given the prior Winder patent, the manufacturing process underlying the Andersen patent was obvious, on the ground that the Board's finding was not clearly erroneous (*id.* at 9a-12a).

2. Petitioner's contention has two aspects. Basically, petitioner maintains that the reexamination process authorized by 35 U.S.C. 301-307 violates due process (a) by failing to accord a patent the statutory presumption of validity applicable in private patent infringement suits (see 35 U.S.C. 282) and (b) by failing to require the PTO to uphold the validity of an already-issued patent unless the

PTO upon reexamination finds by clear and convincing evidence, the standard of proof applicable in private patent infringement suits (see *Radio Corp.* v. *Radio Eng'g Laboratories, Inc.*, 293 U.S. 1, 7-8 (1934)), that the patent was obvious within the meaning of 35 U.S.C. 103. For several reasons, further review of petitioner's claims is unwarranted.

To begin with, petitioner did not assert these claims in the court of appeals and therefore may not raise them here. See, *e.g.*, *United States* v. *Lovasco*, 431 U.S. 783, 788 n.7 (1977); *Adickes* v. *S.H. Kress & Co.*, 398 U.S. 144, 147 n.2 (1970). Moreover, petitioner has failed to demonstrate that the PTO would have found that the Andersen patent was non-obvious under the standard of proof that petitioner claims is appropriate.

In any event, petitioner's claims lack merit. With respect to petitioner's first contention, the court of appeals held (Pet. App. 7a-8a) that a patent is entitled to a presumption of validity by virtue of 35 U.S.C. 282 during reexamination proceedings. The court of appeals thus ruled in petitioner's favor on this point. While the court of appeals also held (Pet. App. 7a-8a) that this presumption may be more easily overcome in an reexamination proceeding than in a private infringement suit, because, during reexamination of an invention, the PTO considers prior art not previously brought to its attention, petitioner has failed to demonstrate that this difference had any effect upon the outcome of this case. In addition, in a decision issued subsequent to its ruling in this case, the en banc Federal Circuit recently held that the 35 U.S.C. 282 presumption of validity does not apply to patent reexamination proceedings. *In re Etter*, No. 84-1213 (Feb. 27, 1985), slip op. 8-9, 13; accord, *Patlex Corp.* v. *Mossinghoff*, No. 84-699 (Fed. Cir. Mar. 7, 1985),

slip op. 24. As the court explained in *Etter* (slip op. 8-9, 13), the presumption of validity established by 35 U.S.C. 282 has no application in a reexamination proceeding because there are no adverse parties in such a proceeding, which is conducted by the PTO on a neutral basis in the same manner that it performs an initial examination of an invention, and because the issue in a reexamination proceeding is whether the patent was properly issued in the first place. Petitioner thus received the benefit of a more favorable rule than would otherwise be the case in patent reexamination proceedings. Further review of petitioner's first claim is therefore unwarranted.

Petitioner's second claim — that due process requires the PTO to find upon reexamination of an already-issued patent that it is obvious by clear and convincing evidence, the standard of proof a plaintiff must bear in a private infringement suit to demonstrate that an invention should not have been patented — is also insubstantial. Congress plainly has the authority to establish rules governing the allocation of the burden of persuasion and standard of proof applicable to cases in the federal courts and before federal agencies. See, *e.g., Vance* v. *Terrazas,* 444 U.S. 252, 265-266 (1980). As the en banc Federal Circuit explained in *Etter* (slip op. 11, 12-13) and as noted above, because a patent holder who is subject to reexamination proceedings is not in the same position as a patent holder who is sued for infringement, there is a rational basis for applying a different standard of proof in reexamination proceedings and in infringement suits. There are also benefits to a patent holder from the reexamination process that offset the absence of the higher burden of proof. A patent owner, like a patent applicant, has the opportunity during the reexamination process to amend his claims or to correct errors in his application, opportunities that are unavailable to a patent holder sued

for infringement (*id.* at 11, 13-14). Accordingly, petitioner was not unfairly deprived of the standard of proof applicable in private patent infringement suits.[2]

It is therefore respectfully submitted that the petition for a writ of certiorari should be denied.

REX E. LEE
Solicitor General

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[2]The court of appeals' en banc decision in *In re Etter, supra,* also makes untenable petitioner's claim (Pet. 17-20) that further review is necessary to resolve a conflict within the Federal Circuit as to the application of the 35 U.S.C. 282 presumption of validity in patent reexamination proceedings.

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